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3 August 1960

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# CENTRAL INTELLIGENCE BULLETIN



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**CENTRAL INTELLIGENCE BULLETIN**

3 August 1960

**DAILY BRIEF****I. THE COMMUNIST BLOC****II. ASIA-AFRICA**

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Persian Gulf Oil: A sharp break in the posted prices of Persian Gulf crude oil appears imminent. For the past several months the Western-owned oil companies have found it necessary to grant substantial discounts to sell this oil. The drop is expected to be more than 10 percent--a somewhat larger cut than the 18-cents-per-barrel reduction made in early 1959. The 1959 reduction--the first in the Persian Gulf--cost the oil-producing states there an estimated \$140,000,000 in expected 1959 revenues. Reaction to the prospect of an additional drop is expected to be even more severe than in 1959 and will add to frictions between the Arabian-American Oil Company and Saudi Arabia, between the Trans-Arabian Pipeline Company and the UAR, and between the Iraq Petroleum Company and Iraq. Arab governments are almost certain to step up their pressures for a greater voice in the management of Western-owned oil concerns. no

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Aden: [ ] Britain is planning a showdown with Nasir-controlled labor unions in Aden whose activities are disrupting the colony's economy and threaten eventually to challenge British control. Legislation is to be passed which will outlaw strikes, make arbitration compulsory, and provide for unusually severe penalties for strike leaders. The proposed legislation may lead to a general strike and violent demonstrations which could paralyze all port activity. The British appear confident that the security precautions they have taken can contain the situation. [ ]

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Indonesia: Political maneuvering among major power elements is increasing. The army, which apparently instigated last week's anti-Communist demonstration in South Sumatra and plans others, is testing how far it can go without incurring strong reaction from Sukarno. The Communists, who recently indulged in open criticism of the government, are apprehensive over Sukarno's failure to prevent the army from harassing them. Sukarno thus far has employed his usual tactic of maintaining the uneasy balance between the army and the Communists without compromising his own position. [ ]

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DAILY BRIEF

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British Crackdown on Adeni Nationalists May Lead to Violence

The colonial government's announcement on 1 August that it intends to obtain legislation which will enable it to crack down on Nasir-controlled unions in Aden may lead to a general strike and violent demonstrations which could paralyze all port activity. The British move is likely to close the ranks of the feuding leaders of the Aden Trade Union Congress and increase the possibility of violence. Cairo is likely to make a big propaganda play over the "imperialist repression."

Britain regards this as a showdown with Arab nationalists led from Cairo who are using domination of the labor movement --the strongest political force in the colony--to challenge continued British control. The British feel that the unions have been given every chance to develop responsibility but are interested only in nationalist politics, not labor benefits. Politically motivated strikes, which the new legislation will outlaw, are damaging Aden's economy and have convinced London that strong action is necessary. There were over 70 strikes in 1959, and a 70-day refinery strike this spring just recently was brought to final settlement. The new legislation to be voted about 15 August by the colony's legislative council will provide for compulsory arbitration except in certain limited circumstances. Instigators of "political" strikes disguised as industrial disputes will be tried as felons under the criminal code.

The British apparently believe the extra security precautions they have taken can contain the situation. They now have 4,700 troops--including a commando unit--in Aden to ensure maintenance of essential services in the event of a general strike as well as provide internal security.

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Intensified Maneuvering in Indonesia

Indonesia's major power elements are once again intensively maneuvering against one another.

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The Communist party, which triggered the latest round of maneuvering by severely criticizing the government in an 8 July statement, now appears apprehensive over President Sukarno's permitting an army investigation of party leaders. The army has interrogated five members of the politburo since 16 July, planned to begin a more intensive "second phase" interrogation on 30 July, and allegedly hopes ultimately to bring the politburo to trial on charges of violating the criminal code. An emergency meeting of Communist provincial leaders was reported scheduled for 20 to 23 July. Depending on Sukarno's reaction, the Communist leadership is reported making plans to go underground for an indefinite period.

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Sukarno is angry over the army's activities among non-Communist political parties and reportedly has decided to displace Colonel Sukendro, who has served as the army's liaison with political parties.

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Although Sukarno at first interfered with the army's interrogation of Communist party leaders, he now seems inclined to wait and see how far the army is prepared to go and

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what resources the Communists can muster. Several times during the past two weeks, however, he has, in effect, reassured the Communists by stating publicly that his views coincide in many areas with those of the party. Sukarno undoubtedly desires to preserve the party as a balance against army power in order to maintain his own pre-eminent position.

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The Under Secretary of State

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